

**CITY OF CENTRAL
CITY COUNCIL MEETING
November 18, 2014**

CALL TO ORDER

A regular meeting of the City Council for the City of Central was called to order by Mayor Engels at 7:02 p.m., in City Hall on November 18, 2014.

ROLL CALL

Present: Mayor Engels
Alderman Spain
Alderman Gaines
Alderman Heider
Alderman Voorhies

Absent: None

Staff Present: City Manager Miera
City Clerk Bechtel
Attorney McAskin
Finance Director Flowers
Public Services Director Griffith
Police Chief Krelle
Fire Chief Allen

The Pledge of Allegiance was recited by all present.

ADDITIONS AND/OR AMENDMENTS TO THE AGENDA

The agenda was approved as presented.

CONFLICTS OF INTEREST

No Council Member disclosed a conflict regarding any item on the agenda.

CONSENT AGENDA

Alderman Gaines moved to approve the consent agenda containing the regular bill lists for November 6 and 13, 2014; and the City Council minutes for the meeting on November 4, 2014. Alderman Spain seconded, and without discussion, the motion carried unanimously.

PUBLIC FORUM/AUDIENCE PARTICIPATION

Barbara Thielemann, 101 H Street, stated her support for Resolution No. 14-18 regarding Main Street Central.

ACTION ITEMS: NEW BUSINESS

Sponsorship Report from CC Opera Association

Valerie Hamlin, Director of Marketing, gave the annual report as follows:

The City of Central provided a generous \$25,000 sponsorship in support of *Dead Man Walking* and Central City Days in the 2014 Central City Opera (CCO) Festival Season. The City received

recognition as a production sponsor for *Dead Man Walking* and as an event sponsor for Central City Days. The staff and Board of Central City Opera are truly grateful to the City of Central for its support and to City staff for their friendly assistance and guidance with logistics for Central City Days.

Dead Man Walking

The second offering in the 2014 Festival, a new production of Jake Heggie's contemporary opera *Dead Man Walking*, featured a stellar cast of internationally acclaimed artists in the emotionally searing true story of a nun who served as spiritual counsel to a death row inmate. This production was highly touted by critics with a review in *Opera News* magazine that stated, "Director Ken Cazan, a summer fixture in Central City Opera, delivered some of his finest work here, mining the deep humanity of this opera and helping to bring flesh-and-blood realism to the characters." "As the "rare" or "unique" offering of the 2014 Festival, *Dead Man Walking* achieved 100% of its revenue goal with attendance at 62% of capacity.

Central City Days: Divas and Desperados

The focus of the 2014 Central City Days was an afternoon of adventure featuring the tales of the county's most infamous bad boys and naughty girls with the theme "Divas and Desperados." On two different dates, July 13 and 19, prior to performances of *Dead Man Walking*, event goers started their experience with lunch and a cemetery crawl at the Central City Cemetery complete with storytellers provided by Gilpin History. Patrons then progressed to the jail at Washington Hall for stories about those who spent time behind bars in Gilpin County history by the Wild Bunch followed by an historic walking tour led by Gilpin History docents. The day's events culminated in a raucous gunfight on Main Street by the Wild Bunch and a free beer at Dostal Alley Brewpub and Casino. Attendees then headed to a matinee performance of *Dead Man Walking*.

Marketing efforts focused on attracting new opera attenders/visitors to Central City of the Baby Boomer generation in the 45 to 65 year old demographic. Central City Opera identified this demographic as its target market based on attendance to Central City Days in previous years and overall as the best prospects for Central City Opera productions. Those attending were indeed in this demographic with 121 purchasers, an increase of 24% from last year's event. This year's attendees were split between those who often attend Central City Opera and those that had either never seen an opera or had not seen an opera performance in Central City before.

Marketing initiatives included a direct mail postcard to 6,600 target households; poster distribution throughout the Denver metro area as well as in Central City; ads in the Denver Post and in the Glendale Cherry Creek Chronicle, press releases and calendar listings submitted to all the appropriate websites (especially good coverage in the Glendale Cherry Creek Chronicle, and the Weekly Register Call); and web based marketing including event webpages, e-blasts, Facebook and Twitter posts. Additionally, Central City Days was included as part of the Prisons, Compassion and Redemption Project (PCRP) which featured a series of thought-provoking events running from March through CCO's production of *Dead Man Walking* in July. 5,000 rack cards and 200 posters including Central City Days information were distributed in the Denver metro area promoting the Prisons, Compassion and Redemption Project. The PCRP also garnered quite a bit of media coverage in outlets from Boulder to Denver and Colorado Springs including many outside of the normal outlets who typically cover Central City Opera. Central City Days was also featured in the Central City Opera program with distribution to 19,500 patrons who attended Central City Opera performances in 2014.

In-kind sponsorships of the event were provided by Dostal Alley Brewpub and Casino (a beer was donated for each participant) and the Wild Bunch who provided the presentation at the Washington Hall jail and the gunfight on Main Street. CCO provided honorariums for Gilpin History docents who presented the cemetery crawls and walking tours.

While Central City Days has yet to achieve the attendance originally hoped for, we believe it merits continuing. Central City Days is well received by those who do attend and it is meeting its goal of drawing new attendees and facilitating the opportunity for repeat Central City Opera attendees to engage more deeply with both CCO and the City of Central, even if in small numbers (although 121 people represents 22% of the capacity of the opera house). In 2015, we plan to combine Central City Days with another event, the Boomer Bus targeted to 45 to 65 year olds. The Boomer Bus was new in 2014 and included a bus ride with a historical talk on Central City and CCO, lunch, a behind the scenes experience, short works and an opera. The event was extremely well attended, selling out for both Boomer Bus dates offered in 2014. We plan to offer Central City Days/the Boomer Bus in conjunction with both of our main stage opera productions presented in the Opera House in 2015, Verdi's popular *La Traviata*, and the Tony award winning musical *Man of La Mancha*.

The 2015 festival season will have three one act shows with 1 performance each in Central City and two main stage opera productions.

Alderman Gaines added that the 2014 performance of Dead Man Walking was the best show she had ever seen. Mayor Engels thanked Ms. Hamlin for her report.

Resolution No. 14-18: *A resolution of the City Council of the City of Central, Colorado creating a Steering Committee to study the potential benefits and requirements associated with reestablishing City support for a Main Street program.*

City Manager Miera explained this proposed resolution creates a steering committee (advisory committee) to study the potential benefits and requirements associated with reestablishing City support for a Colorado Main Street[®] program. The resolution requires that the 5 member Committee be comprised of various stakeholders within the community to include one member from: City Council; Planning Commission; Business Improvement District; City staff; and At-Large community member. The committee would conduct an in-depth analysis of the history and potential future of the program and report its findings to the Council prior to the City considering any action to support and/or participate in the reestablishment of a Main Street[®] program in Central City.

The Colorado Main Street[®] program seeks to support the revitalization of traditional downtown districts within the context of historic preservation. The program provides resources, training and technical services to help local governments and downtown organizations create an economically diverse business environment while preserving local character and historic resources.

The City previously committed to participate in the development and financial support of a local Main Street[®] program (*Main Street Central*) in 2003. The local program operated for a number of years, until it allegedly lost the required support and subsequently folded.

It now appears that there is a resurgence of interest and support from members of the community to resurrect a Main Street[®] program of some kind for the City, whether through the recovery of *Main Street Central*, or the formation of another similar group. However, since one of the guiding principles

of the program requires certain public partnerships (namely this local government), it is important that the City be aware of and consider all aspects of any commitment it intends to make regarding such an endeavor. The creation of a steering committee to study this issue in more detail could be useful to the City in the course of making any future decision on the matter. No outlay of any City funds are requested, however there will be a time commitment required of the City Manager and/or other assigned staff.

Alderman Heider moved to approve Resolution No. 14-18: A resolution of the City Council of the City of Central, Colorado creating a Steering Committee to study the potential benefits and requirements associated with reestablishing City support for a Main Street program. Alderman Spain seconded, and without discussion, the motion carried unanimously.

Resolution No. 14-19: *A resolution of the City Council of the City of Central, Colorado supporting the City's Colorado State Infrastructure Bank (CO SIB) Loan application(s) for the Central City Parkway (CCP) Rockslide, CCP Improvements, Nevada Street Rock Wall, and Storm Water Improvement Projects.*

Finance Director Flowers gave the background as follows:

(CO SIB) has a loan program that the City could use in order to complete several necessary infrastructure projects. The City has previously used this funding source to complete improvements on the Central City Parkway (CCP). Attempting to fund these projects in a timely manner without the use of financing is nearly impossible given the City's current financial capabilities. And, the longer we delay these improvements, the greater the inevitable costs will be to the City. In the case of the CCP rockslide, it was not a viable option to wait until outside funds could be secured before commencing with the work; therefore, the City had to borrow money from other projects and fund balances to complete the project.

The CO SIB loan funding mechanism can be used for infrastructure projects that are related to transportation and involve right-of-way acquisitions, federal projects, maintenance and/or safety. The term of the loan can be for up to 10 years. The City has identified the following four (4) projects as being necessary projects that are also eligible under CO SIB regulations:

1. CCP Rockslide	\$630,000
2. Nevada Street Rock Wall	\$650,000
3. CCP Improvements	\$ 56,639
4. <u>Storm Water Improvements</u>	<u>\$185,000</u>
TOTAL	\$1,521,639

As mentioned above, the CCP Rockslide expenditures have already been made since it was necessary to complete the project as soon as possible for reasons of health, safety and welfare. The Nevada Street Rock Wall project will soon require much needed attention before it creates a situation similar to the CCP Rockslide. The CCP Improvements are related to the repair work that will be done on the CCP with FEMA grant funding. The amount identified and requested in the SIB application is equal to the amount of the City's required match for that grant. Similarly, the amount identified and requested for the Storm Water Improvements is equal to the City's required match for the associated grant.

The application for the SIB loan requires that the City Council adopt a resolution in support of the application(s). If the City is awarded the loan, the City will be required to make annual payments for up to ten (10) years to pay off the loan at 4.5% interest with no pre-payment penalty. While this is a debt obligation, there are no TABOR implications given the

contemplation of an *Appropriations Clause* in the loan documents. This financing action will allow the City to complete several important infrastructure projects without negatively impacting the City's overall financial position and cash flow situation. Moreover, it will allow the City to address these infrastructure issues now, before the already growing costs continue to rise even further. Funding for the annual payment would be allocated from the City's *Capital Improvement Fund* and be reflected as a payment in the *Debt Service Fund*. It will be mid 2015 before we know if this loan is approved.

Alderman Voorhies moved to approve Resolution No. 14-19: A resolution of the City Council of the City of Central, Colorado supporting the City's Colorado State Infrastructure Bank (CO SIB) Loan application(s) for the Central City Parkway (CCP) Rockslide, CCP Improvements, Nevada Street Rock Wall, and Storm Water Improvement Projects. Alderman Spain seconded, and without discussion, the motion carried unanimously.

Consideration of proposed amendment by CEDA regarding their short-term loan of \$7,000

City Manager Miera explained that the proposed Short Term Loan Agreement proposal(s) seek to amend the terms and conditions of the existing Agreement between the City and CEDA and gave the background as follows:

The City agreed to enter into a Short Term Loan Agreement on April 1, 2014 to provide \$7,000 to CEDA for costs associated with a Jazz Arts Festival. The City provided the funds to CEDA on April 4, 2014. Repayment was to be made by CEDA no later than November 10, 2014. In anticipation of non-payment, the City Council authorized the City Manager to accept proposed amendments from CEDA, and if received no later than November 11, 2014, to bring said request to the Council at the Regular Meeting of November 18, 2014.

As expected, CEDA failed to make payment in any amount by November 10th, and subsequently submitted their request to amend the terms of the Agreement on November 11th. As presented, the terms requested by CEDA are unacceptable to the City. Namely, the preambulatory clauses within CEDA's version seek to completely change the nature of their initial request for funding, as well as the intended use of the funds. Furthermore, the operative clauses seek to recognize unrelated payments made by CEDA to a third party as credit against their debt obligation to the City. CEDA contracted for and was invoiced for work unrelated to this Agreement prior to April 1, 2014, and now they're attempting to use their payment of \$4,000 for the predated and unrelated services as credit against the \$7,000 they owe to the City.

In response to the request, City staff has prepared a counter proposal that among other things, maintains the facts surrounding the initial funding request. It also recognizes CEDA's attempt to cure their breach of the original Agreement by seeking amendments to the Agreement. To that end, staff proposes that the new maturity date of July 31, 2015 proposed by CEDA be accepted by the City (provided that other conditions are attached). And, while the staff version accepts that no interest will be charged on the unpaid amount for an extended period of time, it only extends that provision out to March 31, 2015 as opposed to July 31st. This provision ensures that the 0% interest on loan only extends out to a total of 12 months from the time the funds were transferred (instead of 16 months). Then, beginning in the 13th month, interest will accrue at a rate of 6% per annum as opposed to the 5% proposed by CEDA that was proposed to start in month 17; this is certainly a significant extension and reduction from the interest provision previously contemplated (18% per annum beginning as of November 11th). Also, it is important to note that CEDA has had use of these taxpayer funds, interest

free, for almost 8 months now with no effort of repayment during that timeframe, nor have they expressed any interest in an installment-based approach or an accrual of any interest on the unpaid amount over the next 7 months that would otherwise suggest a recognition of concern for tying up these taxpayer dollars. As such, staff believes it is important that CEDA show some sort of good faith gesture toward the repayment of the overdue payment on their debt obligation. The counter proposal suggests a good faith payment of \$700 (10% of the unpaid loan amount of \$7,000) no later than December 31, 2014. If CEDA fails to show this good faith, then interest on any unpaid amount of the loan as of January 1, 2015 will accrue interest at the rate of 18%. If they make the \$700 payment, they will continue to enjoy an interest free position on the remaining \$6,300 until March 31, 2015. Then as of April 1st, interest will accrue on any unpaid balance at a rate of 6%. However, if CEDA fails to pay the loan off by July 31st, any unpaid balance from August 1st forward will accrue interest at the rate of 12% until paid in full.

It is staff's belief that its version is an improvement over the one proposed by CEDA. It would also provide them with an opportunity to show good faith to the City and community that it intends to honor its commitment to repay its debt obligation.

Mayor Engels stated to the CEDA representatives present that they are in default of a \$7,000 loan and the City has received a request for modification.

Brad Snedeker, Manager and Director on the CEDA Board, wanted to correct the record by asking if there is a signed loan.

City Manager Miera explained that on April 1, 2014, the City agreed to provide support when CEDA requested funding for the Jazz Festival. On April 4, 2014, the City issued a check to CEDA for \$12,000. The short term loan documents requested that the \$7,000 be repaid by November 10, 2014. On November 4, 2014, the City Council directed staff to negotiate with CEDA in response to their request for change of terms. There is an oral agreement not a signed agreement with CEDA.

Mr. Snedeker stated the \$4,000 of those funds went to a consultant.

Mayor Engels responded that there was no agreement that the funds were to go for anything other than the Jazz Festival.

Robert Fejeran, CEDA Board Representative, stated there was a budget provided at that April 1st meeting that would show the funds designated to both the Jazz Festival and economic development. Part of the \$7,000 was paid to the Resource Group for work on behalf of the City.

City Manager Miera clarified that \$2,000 was paid by CEDA to the Resource Group prior to the April 1st meeting and an additional \$2,000 was invoiced prior to April 1st and paid the same date as the City funds were dispersed. The agreement between CEDA and the Resource Group is not a City contract.

Alderman Heider asked who the other CEDA Board members are. Mr. Snedeker responded that this information is not of significant importance at this time and will be disclosed in writing when they agree to accept terms.

Mayor Engels stated that since the relationship is broken between CEDA and the City including the other nonprofits, Council would like staff to include an offer to forgive the \$7,000 short term loan in exchange for dissolution of the nonprofit.

Attorney McAskin stated that staff will outline two options for CEDA: a revised short term loan agreement; and an agreement for an option to forgive the loan contingent on dissolution of the nonprofit to be emailed on November 20, 2014 with a request for response from CEDA within 21 days.

Mr. Snedeker then asked to include a no recourse clause into the documents. Manager Miera responded that the terms for both options will be sent on the 20th.

STAFF UPDATES

Alderman Heider asked for clarification of PPLP. City Manager Miera explained that it is the abbreviation for Pilot Property Lease Program.

Alderman Gaines asked for information from Public Services Director Griffith regarding:

- Eureka/Xcel project – most of Eureka will be done by end of November with some work left on Prosser into December all contingent on weather
- Big T Lot – staff will meet with Pinnacle & JVA on December 1 to review the design for the replacement of the storm drain
- Snow gates – staff is installing gates on each side of the road at both the top and bottom of the Parkway

COUNCIL COMMENTS

Alderman Voorhies invited everyone to attend the 17th Annual Tommyknocker Bazaar and holiday events from December 4 – 7. Mayor Engels thanked Alderman Voorhies and Barb Thielemann for heading up the event.

Mayor Engels congratulated Judy Laratta on her victory in the election and looks forward to her participation as a Council Member in a few weeks.

PUBLICFORUM/AUDIENCEPARTICIPATION

No one requested time to address the Council.

EXECUTIVE SESSION

At 7:52 p.m., Alderman Spain moved to go into Executive Session under Section 24-6-402(4)(b), Colorado Revised Statutes, for the purpose of conferring with the City Attorney on specific legal questions regarding City operations and organizational structure. I further move to invite the City Manager, Mr. Daniel Miera, to participate in the executive session. I further move to reconvene the Council meeting at the conclusion of the executive session, for the purpose of taking any actions deemed necessary. Alderman Gaines seconded, and without discussion, the motion carried unanimously.

The next Council meeting is scheduled for December 2, 2014 at 7:00 p.m.

Ronald E. Engels, Mayor

Reba Bechtel, City Clerk